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WE NETWORK FOR SUCCESS

Morris County Library – Whippany, NJ

Early Stage Technology Company Funding

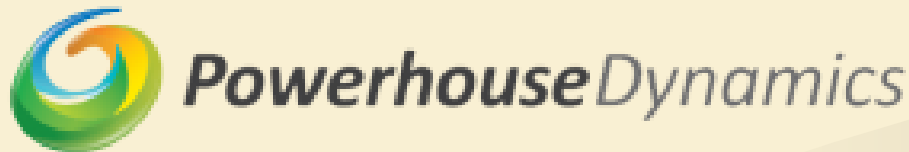
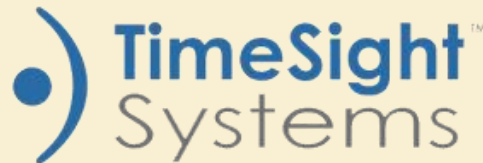
Agenda

- Who am I
- Early Stage Angel Investing
- Jumpstart NJ Angel Network
- TechLaunch – NJ Technology Accelerator

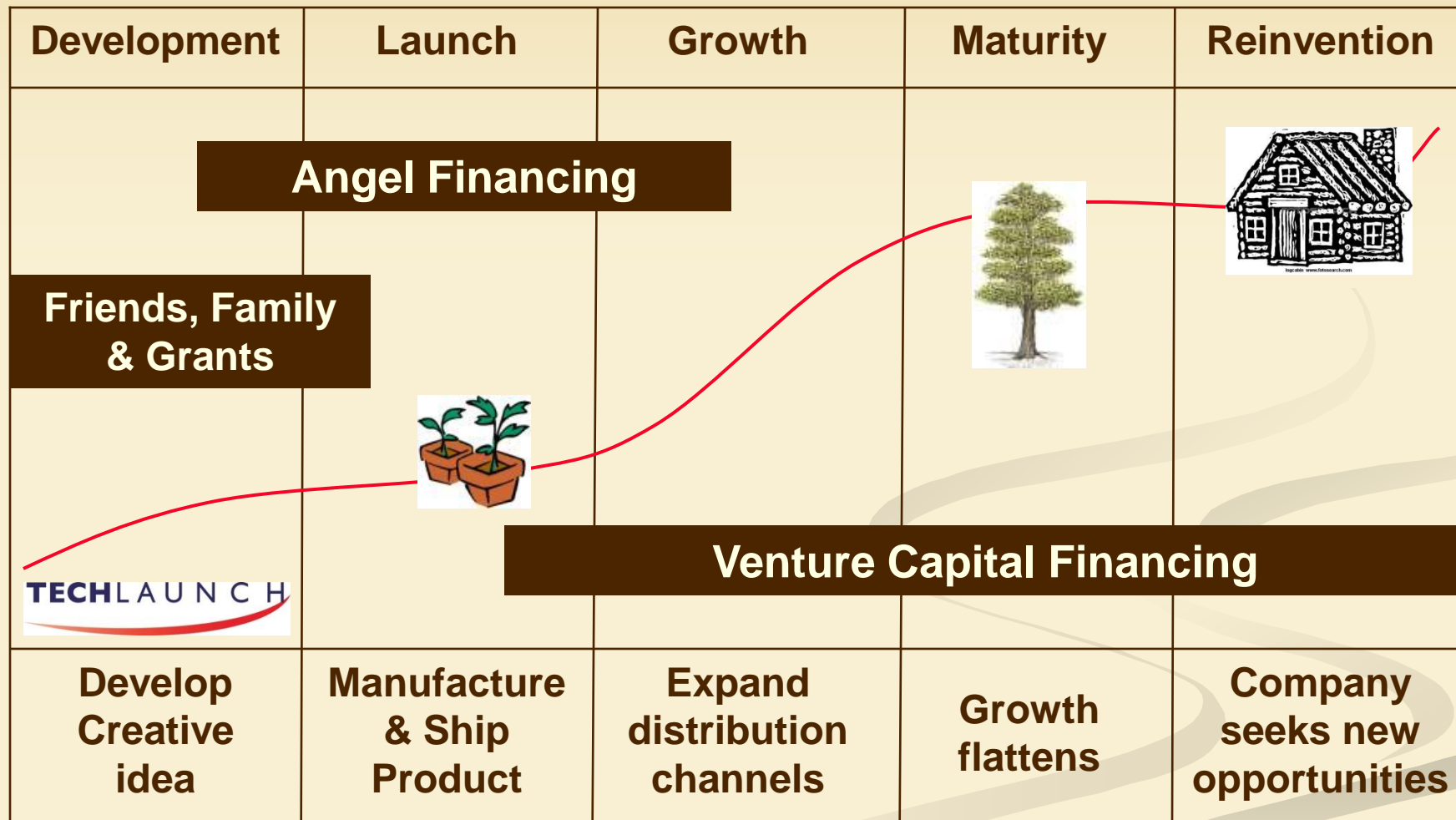
Industry Experience

- 25+ Year Career in Defense Electronics Industry
- Electronic Engineer with 12 Patents issued.
- Industry experience at ITT, Raytheon, ERI, Honeywell
- Founder & CEO of Electro-Radiation Inc. (ERI)
- 1998 SBA National Tibbetts Award winner
- 2004 sold ERI to Honeywell
- 2010 NJTC Financier of the Year
- Member IEEE, VANJ, NJTC, NDIA, AOC...
- Chairman, Jumpstart NJ Angel Network
- Board Member of For-Profit and Non-For-Profit Organizations
- Currently Angel Investor and Entrepreneur

Portfolio Companies



Typical Company Evolution & Funding



Types of Early Stage Investors

- The 4 F' s:
 - Founders, Friends, Family and Fools
- Angel Investors
 - Passive investors (provide money only)
 - Value-added investors bringing operational and entrepreneurial experience
 - Ideal angel investors (brings BOTH Money and experience)
- Venture Funds (institutional)
 - Much less active than before at early stages

Angel Investors



Bridge Gap Between

Founders
Financing

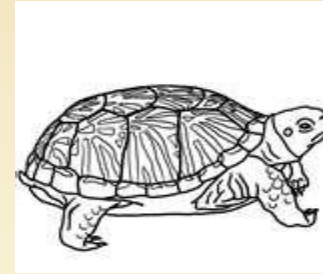


Venture Capitalist

Typical Funding Process

- Introduction to Investor*
- Investor's Selection Criteria*
- Term Sheet*

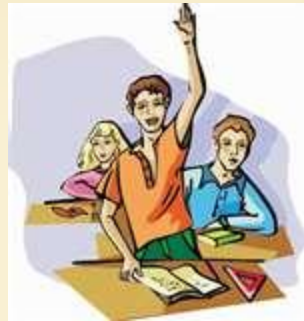
- Due Diligence Process
- Stock Purchase Agreement or Note
- Funding Begins
- Monitoring, Mentoring, Moaning and Mourning or REJOICING (?)
- Next Round of Financing
- Possible Exit in Sight



Introduction To Investors



Entrepreneur



Introduction by
Initial Investor,
Banker, VC,
Professor,
Accounting or
Law Firm,
Internet, etc.

ONE Page
Executive Summary



10 – 15 Minute
Presentation

Typical Investors Selection Criteria

- Seed, start-up, and early stage
- Product or Services market need
- Founders commitment
- Sound business plan for building equity
- Strong and Experienced management team
- Proof of concept achieved?
- IP Strategy for sustainable advantage
- Reasonable valuation
- Realistic exit strategy
- Funding needs for initial and subsequent financing
- Geographic location – Angels vs VC financing

Typical Angel Investor Term Sheet

- “The Term Sheet provides a snapshot of and the roadmap to a financing and the issues that the entrepreneurs and financial professionals commit to capture in closing documents for a financing.”*
 - Amount of ‘raise’
 - Set the price (pre-money vs post money, valuation)
 - Seat on the board
 - Define equity type (common vs preferred)
 - Outline multiple financing tranches
 - Anti-dilution protection
 - Right of first refusal
 - Liquidation preference

*Quoted from ‘Deal Terms’ by Alex Wilmerding, Publisher - Aspatore Books



Jumpstart New Jersey Angel Network

Mario Casabona, Chairman
Katherine O' Neill, Executive Director

www.JumpstartNJ.com

Portfolio Companies (some)



General Highlights



- Created in 2002 with seed capital from NJ EDA, NJTC and Angels.
- Investing since 2004
- Member led organization – 35 active Angel investors
- Premier Angel group in Northeast
- Monthly meetings and social events in Central New Jersey

Financing Highlights



- In 2011, Jumpstart members invested \$8.5 Million in 8 companies.
- Since 2004, Jumpstart members invested >\$29.2 Million in 37 companies or 68 rounds.
- Since 2004, JS has leveraged its investments into >\$45 Million including Venture Funds and NJEDA.
- Jumpstart has invested \$17 Million in New Jersey companies (66%).

www.TechLaunch.com

TECHLAUNCH



Mario M. Casabona, Founder and General Partner

Travis Kahn, Executive Director

Objective

- Created to Accelerate the Commercialization of Technology.
- Identify and vet most promising idea, technology and team.
- Provide LaunchPad business boot-camp to de-risk early stage obstacles.
- Provide a venue for young entrepreneurs to show case technology and find funding.

Opportunity



NJ Economic Development Authority (EDA) has chosen to co-invest with ***TechLaunch*** to create a private/public Technology Accelerator in NJ

First 3 years

New Jersey EDA
\$150,000 per year

"Winner" to match
\$300,000 per year

Provide seed capital to vetted ideas and mentoring to de-risk start-up obstacles

Value Proposition



Investor Access

Efficient access to “deal flow” for Angel investors/mentors and early-stage institutional funds into companies pre-qualified by industry experts.

Early Investment

Investors have first crack at “winning companies” for early investment into next potential “home-run” idea.

De-risk

De-risk early-stage enterprises by providing promising entrepreneurs access to “real world” training and network of experts.

Accelerated Growth

Provide funding for early-stage technologies and enterprises to focus on accomplishing meaningful milestones within short timeframe

Strategy

- Create an environment to leverage the strengths of Entrepreneurs, Investors, Service Providers, Public Resources, Universities, and Industry.
- Solicit “cream-of-the-crop” technology proposed by highly qualified teams and selected by industry experts.
- Deliver acclaimed **LaunchPad** training program and mentors with networking to attract the next generation of entrepreneurs.
- Provide legal, financing, marketing, sales, business development, and technical mentors.
- Provide \$18,000 of seed funds to 12-15 “NEW CO” in exchange for 10% equity, Board Seat, and Investment Preferences.

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